PIA 3 : Programme des Investissements d’Avenir a french national program to foster Innovation

28 March 2019 - Brussels - Innovation Fund Expert Group - 3rd Meeting

NER300 NCP / DGEC @ the Ministry for a Ecological and Solidary Transition (MTES)

presented by
PIA = Programme d’Investissements d’Avenir or Investments for Future

- established in 2009, and covers the period 2010-2020
- aims to prepare France for the challenges of tomorrow (competitiveness, environment, energy, health, etc.)
- leveraged its growth potential by investing in higher education and training, research, industry and SMEs, sustainable development and digitization
- intended to support projects fostering innovation and job creation in sectors with strong potential for the French economy
• The **programme owner** is the SGPI from the Prime Minister Office

• The programme related to **ecological and energy transition (EET)** is managed by **ADEME** : the french agency for Environment and Energy Management

• ADEME offers project owners a support, in particular via State aid which is subject to European competition regulations

• This is organized through calls for projects and includes:
  - state aid with systematic **profit-sharing**, known as "repayable advances"
  - grants, which are primarily reserved for research bodies

• Projects are generally selected through calls for projects (Appels à projets - AAP) ;

• In addition, the PIA also enables specific operators such as ADEME or BPI France to invest equity when relevant, for instance for first-of-a-kind innovative industrial solutions.
Between 2010 and 2017, PIA 1 et 2, managed by ADEME enabled:

- Increased investment for SME (25%) and bridging investment gap for bigger entreprise
- A 1.9 average leverage effect

- Supporting 4 topics:
  - Future Transportation & Vehicles,
  - Renewable energy, storage and smart grids
  - Waste and Circular Economy
  - Building, industries & agriculture, biochemistry

- 85 calls for projects, 1387 beneficiaries among which 662 SMEs, 745 projects

- 2.5 billions € (582 millions channeled to SMEs), 7,2 M€ per project on average

- Financial instrument breakdown: 41% refundable grants, 37% grants, 22% equity
3 ACTIONS for an in-depth (structural) ecological and energy transition

Executive agency: ADEME

Innovation Contest (CI)
- Fostering innovative projects promoted by start-up and SMEs

Accelerate the development of performant and innovative ecosystems (TRANSPORTATION & MOBILITY)
- Emphasized for collaborative projects encompassing private partner and research institute
- Exclusively on 2 topics:
  - Transportation
  - Mobility

DEMONstration, innovation at regional scale (DEMO PROJECTS)
- Developing DEMO projects for energy transition
- Commercial First-of-a-kind and/or innovative infrastructure financing through equity

Type of financial instrument

www.ademe.fr
PIA3: Supporting a wider range of project types

- **Total project budget range and PIA financial tools & categories**

- **Collaborative Project**
  - Projets R&D ADEME
  - Transportation & Mobility
  - DEMO projects
  - First-of-a-kind

- **One-partner project**
  - Innovation contest

- **Project budget (M EUR)**
  - 1
  - 2
  - 3
  - 5
  - 10
  - 25
  - 50
  - 60 +

**Categories:**

- R&D projects
- PIA 3
- First-of-a-Kind

**Web address:** www.ademe.fr
Focusing on TWO categories for big & smaller projects

• DEMO projects and innovation at regional scale
  ➔ Démonstrateurs et territoires d’innovation de grande ambition

• Innovation contest
  ➔ Concours Innovation
Innovation contest to reach commercial stage

Innovation contest - 2\textsuperscript{nd} round

--- Objectives --- 2\textsuperscript{nd} round topics ---

- Accelerating development and innovative technology solution to market
- 1\textsuperscript{st} round: 46 projects selected / 176 proposals

4 topics managed by l’ADEME

- CHRONIC AND HEALTH RISKS
- CIRCULAR ECONOMY
- BUILDING ENVIRONMENTAL PERFORMANCE
- ECO-EFFICIENT INDUSTRY, AGRICULTURE, FORESTRY
# Type of projects and financing instruments

**Innovation Contest - 2\textsuperscript{nd} round**

<table>
<thead>
<tr>
<th>Partnership requested</th>
<th>Single SME as applicant</th>
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</thead>
<tbody>
<tr>
<td>Sizes</td>
<td>from 600 k€ to 5 M€ (smaller (&lt;) 800 k EUR (\leq) bigger)</td>
</tr>
<tr>
<td>Duration</td>
<td>12 to 36 months</td>
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<tr>
<td>Maximum rate</td>
<td>45 % of the eligible costs for a small enterprise</td>
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<tr>
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<td>35 % of the eligible costs for a medium-size enterprise</td>
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<tr>
<td>Eligible costs</td>
<td>Salary for applicant personnel</td>
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<td></td>
<td>Subcontracting (30% max.unless specific)</td>
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<tr>
<td></td>
<td>Amortisations and depreciations</td>
</tr>
<tr>
<td></td>
<td>Travelling and accommodation costs</td>
</tr>
<tr>
<td></td>
<td>Others: purchasing, consummables</td>
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<tr>
<td></td>
<td>Overhead costs (restriction applies)</td>
</tr>
<tr>
<td>Type of financing</td>
<td>2/3 grants</td>
</tr>
<tr>
<td></td>
<td>1/3 refundable grants (RG)</td>
</tr>
<tr>
<td>Payment</td>
<td>1\textsuperscript{st} payment: 70% - limited to 200 k€</td>
</tr>
<tr>
<td></td>
<td>1 ou 2 interim payments (bigger projects)</td>
</tr>
<tr>
<td></td>
<td>final 20 % minimum</td>
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<tr>
<td>Reimbursement</td>
<td>For all project size: 100 % of RG from the first EURO generated as a turnover</td>
</tr>
<tr>
<td></td>
<td>For bigger projects: royalties at 50% of RG in “commercial success” is achieved</td>
</tr>
</tbody>
</table>
Selection criteria

Innovation contest - 2nd round

- **Innovative and added value**
  - Matching contest objective
  - Maturity
  - Disruption degree

- **Applicant capabilities**
  - Both operational and financial
  - Team capacity

- **“Eco-conditionnalité”**

- **Economic impact of the project**
  - Quality and strength of the economic model
  - Potential market
  - Is the solution replicable

Optional: label from a competitiveness cluster
Selection process

Innovation Contest - 2nd round

Typical Timeline: from submission to contracting

- **Deadline for submission**
- **Auditions**
- **Decision «Smaller Projects»**
- **Expertise meeting**
- **Decision for «Bigger Projects»**
- **Contracting**

**Phases**
- Pre-selection
- Instruction
- Contracting

**Committee**
- COPIL

**Typical Timeline**
- **smaller projects (< 800 k€)**: 6 weeks from submission to final decision
- **bigger projects (≥ 800 k€)**: 3 months from submission to final selection
Action « Démonstrateurs » aiming at promoting innovative solutions in France as well as for the export market

Large-scale DEMO projects and innovation at regional scale with great ambition

Objectives

- In the continuation of previous programme PIA2, emphasizing 2 priorities:
  - Serve as RDI finance tool to ensure financial continuum for downstream projects for project initiated within the SME community at the earlier stage, PIA2 → PIA3
  - A more integrated approach for DEMO project within the energy system

- 8 topics covering additive functionalities:
  - Each category relies on the same rule for application
  - Each as a dedicated call

Topics

- Optimised energy grids
- Biosourced chemistry, materials & advanced biofuels
- Bio-feedstock utilisation and new resource production
- Eco-efficient Agriculture and agro-industries
- Renewables energy
- High environmental performance building and at district-scale
- Waste utilisation and circular economy
- Eco-efficient industries
## Type of projects and financing instruments

### Action DEMO projects

<table>
<thead>
<tr>
<th><strong>Project</strong></th>
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<tbody>
<tr>
<td>Partnership requested</td>
<td>Single-applicant or collaborative project</td>
</tr>
<tr>
<td>Sizes</td>
<td>$&gt; 2 \text{ M EUR}$</td>
</tr>
<tr>
<td>Duration</td>
<td>N/A</td>
</tr>
</tbody>
</table>
| Maximum rate | • From 45\% to 70\% of eligible costs for SE  
• From 35\% to 60\% of eligible costs for ME  
• From 25\% to 50\% of eligible costs for Large Enterprise |

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<tr>
<th><strong>Financing</strong></th>
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</thead>
</table>
| Eligible costs | • Salary for applicant personnel  
• Subcontracting (30\% max.unless specific)  
• Amortisations and depreciations  
• Travelling and accommodation costs  
• Others : purchasing, consummables  
• Overhead costs (capped) |
| Type of financing | $\frac{1}{4}$ GRANTS - $\frac{3}{4}$ REFUNDABLE grants (RG) |

<table>
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<th><strong>Payment and reimbursement</strong></th>
<th></th>
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<tbody>
<tr>
<td>Payment</td>
<td>DOWNPAYMENT / Interim payments at each key-steps / final payment min. 20%</td>
</tr>
</tbody>
</table>
| Reimbursement | • No commercial deployment: reimbursement according to progress  
• Commercial deployment: reimbursement of 50\% of RG (+100 pts) project progress or first EURO turnover  
• reimbursement of 50\% of RG (+500 pts) if surpassing the commercial success target |
Thank you

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